

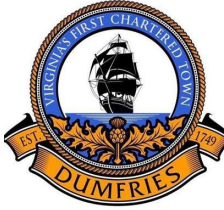
Town of Dumfries Council Meeting Packet



Derrick R. Wood, Mayor
Monaé S. Nickerson, Vice Mayor
Tyrone Brown, Councilmember
Shaun Peet, Councilmember
Selonia B. Miles, Councilmember
Cydny A. Neville, Councilmember
Brian K. Fields, Councilmember

Keith C. Rogers, Jr., Town Manager
Sharon E. Pandak, Town Attorney
Tangi R. Hill, Town Clerk

September 20, 2022



DUMFRIES, VIRGINIA

Virginia's Oldest Continuously Chartered Town
CHARTERED 1749 INCORPORATED 1961

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DUMFRIES TOWN COUNCIL MEETING TUESDAY, SEPTEMBER 20, 2022 AT 7:00 PM COUNCIL CHAMBERS

- I. Call to Order and Roll Call
- II. Moment of Prayer & Pledge of Allegiance
- III. Adoption of Agenda
- IV. Awards and Proclamations
 - A. Proclamation Recognizing National Hispanic Heritage Month - Page 1
- V. Approval of Minutes
 - A. Dumfries Town Council Meeting Minutes – September 6, 2022 - Pages 2-3
- VI. Citizen Comment Period
- VII. Reports and Presentations
 - A. Town Managers Report - Town Manager Keith Rogers, Jr. - Pages 4-5
- VIII. Action Items (Public Hearings)
 - A. Public Hearing for ZTA2022-001 - Proposed Continuation to the October 5, 2022 Town Council Meeting - Page 6
 - B. Resolution Regarding Town Financial Policies -Pages 7-58
- IX. Adjournment



PROCLAMATION RECOGNIZING HISPANIC HERITAGE MONTH

WHEREAS, from September 15, 2022, through October 15, 2022, the United States celebrates Hispanic Heritage Month; and

WHEREAS, the Town of Dumfries recognizes immense contributions of Latinos and celebrates Hispanic heritage and culture; and

WHEREAS, the Bureau of the Census estimates the Hispanic population living in the United States at over 61 Million, representing nearly 18 percent of the total population; and

WHEREAS, Hispanics now represent the largest racial or ethnic minority group in the United States; and

WHEREAS, Hispanics and Latinos represent 42 percent of the population in the Town of Dumfries; and

WHEREAS, Hispanic and Latino children are projected to represent 30% of the school students by 2027; and

WHEREAS, Hispanic students represent the largest racial or ethnic minority group on college campuses in the United States; and

WHEREAS, the number of eligible Hispanic and Latino voters is expected to rise to 40 million over the next 10 years, accounting for 40 percent of the growth in the eligible electorate in the United States by 2032; and

WHEREAS, Hispanic-owned businesses represent the fastest-growing segment of small businesses in the United States, growing at more than 15 times the national rate; and

WHEREAS, Hispanic and Latino workers represent approximately 20 percent of the total civilian labor force of the United States; and

WHEREAS, Hispanic Americans serve in all branches of the Armed Forces and have fought bravely in every war in the history of the United States; and

NOW, THEREFORE, BE IT PROCLAIMED that the Town of Dumfries proclaims September 15, 2022 through October 15, 2022, as Hispanic Heritage Month.

By Order of Council:

Derrick R. Wood, Mayor
Town of Dumfries
September 20, 2022

**DUMFRIES TOWN COUNCIL
MEETING MINUTES
TUESDAY, SEPTEMBER 6, 2022**

MEETING HELD IN COUNCIL CHAMBERS

A video recording of this meeting is available on the Town's Website at www.dumfriesva.gov and YouTube Channel at <https://www.youtube.com/watch?v=IOkR-TLgLmc>

I. Call to Order and Roll Call

At 7:00 PM, Mayor Wood called the meeting to order. The following members were recorded as present: Brown, Fields, Miles, Neville, Nickerson, and Wood; Peet was absent.

II. Moment of Prayer & Pledge of Allegiance

A moment of silent prayer was followed by the Pledge of Allegiance.

III. Adoption of the Agenda

On a motion made by Vice Mayor Nickerson, seconded by Councilwoman Miles, to adopt the agenda as presented. Vote 6-0-0 (Yes: Brown, Fields, Miles, Neville, Nickerson, and Wood; No: N/A; Abstain: N/A)

IV. Awards and Proclamations

A proclamation protecting human reproductive rights was presented by Councilwoman Neville.

V. Approval of the Minutes

On a motion made by Vice Mayor Nickerson, seconded by Councilman Fields to approve the minutes of the August 5, 2022, Town of Dumfries Council meeting. Vote 4-0-2 (Yes: Fields, Miles, Nickerson, and Wood; No: N/A; Abstain: Brown and Neville).

Councilman Fields excused himself from the meeting at 7:07pm and returned at 7:09pm.

VI. Citizen Comment Period

VII. Mayor and Council Comments

VIII. Reports and Presentations

The following reports and presentations were given Virginia Railway Express (VRE) Fare Free September by Joe Swartz, VRE's Director of Government and Community Affairs; Hireground's Career Education Assistance Program by Jinnæe Monroe, President and Founder; and Northern Virginia Regional Commission (NVRC) Update by Councilwoman Cydney Neville, NVRC Chairwoman.

IX. Action Item

Initiating Resolution to Schedule a Public Hearing for ZTA2022-001 with Town Council Public Hearing Date of September 20, 2022

On a motion made by Councilwoman Miles, seconded by Vice Mayor Nickerson to approve the resolution to schedule a public hearing for ZTA2022-001 with Town Council Public Hearing Date of September 20, 2022. Vote 6-0-0 (Yes: Brown, Fields, Miles, Neville, Nickerson, and Wood; No: N/A; Abstain: N/A)

X. Adjournment

Mayor Wood adjourned the meeting at 8:00 PM.



Town Manager's Report

September 15, 2022

Mayor Wood, Vice-Mayor Nickerson, Honorable Councilmembers,

My team and I, continue to persevere in the midst of the ongoing pandemic. Our focus since March 2020 has been on ensuring that the core functions of our government continue, despite the local emergency. I am pleased with the way we have been able to adapt and serve our residents. Please note the following updates by agency:

Goal	FY21 Target/Result	FY22 Target/Result	FY23 Target/Result	August FY23
ADMINISTRATION				
Receive GFOA Distinguished Budget Presentation Award	YES/YES	YES/TBD	YES/TBD	YES
Achieve 98% Collection Rate for Real Estate Taxes	98%/98%	98%/TBD	98%/TBD	TBD
Create and establish financial policies related to Unassigned Fund Balance, Rainy Day Fund, and Debt	Submitted and adopted by Town Council by March 30, 2021/ No	Submitted and adopted by Town Council by March 30, 2022/ TBD	Submitted and adopted by Town Council by March 30, 2023/ TBD	TBD
Improve Average Customer Service Total Transaction Time	7 Minutes/ N/A	7 Minutes/TBD	7 Minutes/TBD	6 minutes
Improve Accounts Payable Processing Time	N/A	All payments will be processed within 21 days / TBD	All payments will be processed within 21 days / TBD	TBD
PLANNING & COMMUNITY DEVELOPMENT				
Achieve Average Zoning Application Review Time	14 DAYS/ TBD	14 DAYS/ TBD	14 DAYS/ TBD	3 DAYS
Achieve Average Landuse Application Review Time	N/A	14 DAYS/ TBD	14 DAYS/ TBD	N/A

Goal	FY21 Target/Result	FY22 Target/Result	FY23 Target/Result	August FY23
POLICE				
Host Regular Community Educational Workshops	N/A	1 PER MONTH	1 PER MONTH	
Improve average response time	N/A	TBD	TBD	
Reduce property crime rate by 5%	N/A	TBD	TBD	
Reduce violent crime rate by 5%	N/A	TBD	TBD	
PUBLIC WORKS				
Achieve Average Permit Approval Time	N/A	14 DAYS/ TBD	14 DAYS/ TBD	13 DAYS
Increase Inspections on Private BMPs	N/A	50% PRIVATE/ 100% PUBLIC	50% PRIVATE/ 100% PUBLIC	50% PRIVATE/ 100% PUBLIC

Respectfully submitted,



Keith C. Rogers, Jr.



AGENDA ITEM REQUEST FORM

Item Type

Award Proclamation Resolution/Ordinance Motion Discussion

Statement of Purpose

Public Hearing for ZTA2022-001-Proposed Continuation to the October 5, 2022 Town Council Meeting

Background/References

This zoning text amendment would add the definition, approval process, and regulations of a comprehensive sign plan to the zoning ordinance.

Fiscal Impact

N/A

Suggested Motion

Continue the Public Hearing to October 5th

Requested Meeting Date

September 20, 2022

Attachments

- *For awards and proclamations, please attach desired language*

AT A MEETING OF THE DUMFRIES TOWN COUNCIL HELD ON SEPTEMBER 20, 2022, ON A MOTION MADE BY _____, AND SECONDED BY ___, THE FOLLOWING RESOLUTION WAS ADOPTED BY THE FOLLOWING VOTE:

Tyrone A. Brown,_____;
Brian K. Fields,_____;
Selonia B. Miles,_____;
Cydney A. Neville,_____;
Monae S. Nickerson,_____;
Shaun R. Peet,_____;
Derrick R. Wood,_____;

RESOLUTION TO ADOPT FINANCIAL POLICY GUIDELINES

WHEREAS, the Town seeks to build upon a solid financial position by formally adopting financial policy guidelines; and

WHEREAS, effective financial policies serve to promote short-term and long-term financial stability; establish clear and consistent guidelines that provide a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines; exemplify “best practices” in sound financial management while providing safeguards for fiscal stability; and, maximize credit worthiness; and

NOW, THEREFORE BE IT RESOLVED, the Council of the Town of Dumfries formally adopts financial policy guidelines, as attached hereto.

By Order of Council:

Derrick R. Wood, Mayor

ATTEST:

Town Clerk

Financial Policy Guidelines

Town of Dumfries, Virginia



[DRAFT]

[Adopted , 2022]

Town of Dumfries, Virginia Financial Policy Guidelines

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Town of Dumfries, Virginia

Financial Policy Guidelines

1.0 Policy Purpose

The Town of Dumfries, Virginia (the “Town”) and its governing body, the Town Council (the “Town Council”), recognizes and acknowledges that local government resources must be used wisely to ensure adequate funding for the services, public facilities, and infrastructure necessary to meet the community’s present and future needs. The following financial policies and guidelines establish the framework for the Town’s overall fiscal planning and management.

1.01 Policy Objectives

The primary objective of sound financial management policies is for the Town Council to create a framework within which financial decisions will be made. This fiscal policy is a statement of the guidelines and objectives that will influence and guide the financial management practices of the Town. A fiscal policy that is adopted, adhered to, and regularly reviewed is recognized as the cornerstone of sound financial management and safeguards the fiscal stability of the Town. In order to achieve its purpose, the fiscal policy has the following objectives for the Town’s fiscal performance.

- A. To contribute significantly to the Town's ability to insulate itself from fiscal crisis and economic disruption.
- B. To guide the Town Council and management policy decisions that have significant fiscal impact.
- C. To promote long-term financial stability by establishing clear and consistent guidelines.
- D. To direct attention to the total financial picture of the Town rather than single issue areas and promote the view of linking long term financial planning with day-to-day operations.
- E. To ensure sound financial management by providing accurate and timely information on the Town’s financial condition; the foundation for effective financial analysis.
- F. To enhance the Town’s access to both short-term and long-term capital by helping the Town to strengthen its credit standing (for purposes of bank, financing, and access to capital markets through other financing vehicles).
- G. To ensure that the organization has adequate resources to meet the provisions of all of the Town’s indebtedness and perform mandated responsibilities.
- H. To provide the Town Council and citizens with a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

1.02 Policy Implementation and Coordination

The Town Council in conjunction with the Town Manager will review and promote compliance with the financial policies outlined herein.

The Town intends to adhere to these policies. If there is any anticipated or unplanned variance from these policies, staff will advise Town Council and establish a plan for recovery within three years.

Town of Dumfries, Virginia

Financial Policy Guidelines

1.03 Review and Revision

These polices will be reviewed for appropriateness on an annual basis during the budget process. Such review shall take into consideration the Town's current and projected fund balance and debt ratios as well as any developments or changes in accounting standards and/or National Credit Rating Agency criteria. Based on the review the Town may consider amending these policies as appropriate.

2.0 Fund Balance / Reserves Policy

The Town is dedicated to maintaining an appropriate level of fund balance sufficient to mitigate current and future financial risks and to ensure stable tax rates; and, therefore, formally establishes the General Fund Balance Policy for the Town's General Fund Balance. This policy also authorizes and directs the Town Manager to prepare financial reports, which accurately categorizes fund balance as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The Town believes that sound financial management principles require that sufficient funds be retained by the Town to provide a stable financial base at all times. To retain this stable financial base, the Town needs to maintain Unassigned Fund Balance, and other fund balances or reserves as identified by the Town, if any, sufficient to fund all cash flows of the Town, to provide financial reserves for unanticipated or emergency expenditures and/or revenue shortfalls, and to provide funds for all existing expenses.

The Town of Dumfries's Unassigned General Fund Balance shall be maintained at a level to provide the Town with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue without borrowing.

2.01 Purpose

The purpose of the General Fund Balance Policy is to specify the composition of the Town's financial reserves, set minimum levels for fund balances or reserves, and to identify certain requirements for replenishing any general fund balances or reserves utilized.

The Town shall not use the Unassigned General Fund Balance to finance recurring operating expenditures.

2.02 General Fund Balance Categories

For documentation of the Town's fund balance position, communication with interested parties and general understanding, a clear and consistent system of classification of the components of the Town's fund balances is necessary. The Town's reporting and communication with respect to General Fund Balance will utilize the classifications outlined in generally accepted accounting principles (GAAP). GAAP dictates the following hierarchical fund balance classification structure based primarily on the extent to which the Town is restricted in its use of resources.

- A. Non-spendable Fund Balance: amounts that are not in a spendable form, such as land or prepayments, or trust or endowment funds where the balance must remain intact.
- B. Restricted Fund Balance: amounts that have constraints placed on their use for a specific purpose by external sources such as creditors, or legal or constitutional provisions.

Town of Dumfries, Virginia Financial Policy Guidelines

- C. **Committed Fund Balance:** amounts that have been designated for a specific purpose or which have constraints placed by the Town Council. Committed fund balance may also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Amounts within this category require Town Council action to commit or to release the funds from their commitment.
- D. **Assigned Fund Balance:** amounts set aside with the intent that they be used for specific purposes. The expression of intent can be made by the Town Council or Town Manager and does not necessarily require Town Council action to remove the constraint on the resources. Fund Balance may be assigned either through the encumbrance process as a result of normal purchasing activity (which includes the issuance of a purchase order).
- E. **Unassigned Fund Balance:** amounts not included in the previously defined categories that are available for any purpose. The Town's General Fund should report a positive Unassigned Fund Balance. Amounts in this classification represent balances available for appropriation at the discretion of the Town Council. However, the Town Council recognizes that the Unassigned Fund Balance needs to be comprised of liquid cash and investments to meet the Town's cyclical cash flow requirements and be at a level sufficient to allow the Town to avoid the need for short-term tax anticipation borrowing. The Unassigned Fund Balance should also allow for a margin of safety against unforeseen expenditures that could include, but not be limited to, natural disasters, severe economic downturns, and economic development opportunities. Unassigned Fund Balance shall not be used for annual recurring expenditures, except for unforeseen emergency circumstances.

2.03 Committed Fund Balance Policy

The Dumfries Town Council is the Town's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution/ordinance approved by the Dumfries Town Council. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

2.04 Assigned Fund Balance Policy

The Dumfries Town Council may set aside funds with the intent that they be used for specific purposes. The expression of intent can be by the Town Council or Town Manager and does not necessarily require formal action to remove the constraint on the resources.

Town of Dumfries, Virginia

Financial Policy Guidelines

2.05 Unassigned Fund Balance Policy

The Town Council recognizes that the Unassigned Fund Balance should be the greater of:

- A. \$3,500,000; or
- B. 50% of the Town’s General Fund Revenues (excluding Stormwater).
 - Example Calculation: Based on the Town’s FY 2023 Budget, 50% translates into approximately **\$3,512,849** as follows:

General Fund Revenues	\$	7,025,698
X 50% = Unassigned Fund Balance Target	\$	3,512,849

- C. An amount greater than 50%, if necessary, to avoid the need for annual cash flow Tax Anticipation Note (TAN) borrowings.
- D. Should future Town budgets require additional moneys to be added to meet these requirements, the Town will build up the required amounts over 2 Years

Funds in excess of the Unassigned Fund Balance Policy target may be considered to supplement “pay-as-you-go” capital outlay expenditures, other non-recurring expenditures or as a greater buffer to General Fund balance.

To the extent that funds are available in excess of the minimums described above (i.e., 50%), the Town Council recognizes that it could strategically utilize these funds, if appropriate. However, the Town Council also recognizes that maintaining reserves above the minimum Unassigned Fund Balance Policy target may be beneficial to the overall well-being of the Town. Should any amounts above the 50% Unassigned Fund Balance Policy target exist, they should only be appropriated for non-recurring expenditures, as they represent prior year surpluses that may or may not materialize in subsequent fiscal years. Amounts above the 50% Unassigned Fund Balance Policy target could be used for the following purposes (listed in order of priority):

- A. Increase Restricted Fund Balances as necessary.
- B. Fund additional reserves as deemed appropriate by the Town Council.
- C. Allocating such amounts toward equity funding of the capital needs, economic development or transfer to a capital project or capital reserve fund.

2.06 Budget Stabilization Fund

In addition to the Unassigned Fund Balance, the Town shall establish a Budget Stabilization Fund, which shall be considered a part of the Town’s Committed Fund Balance. The Budget Stabilization Fund shall be used for unforeseen, emergency expenditures or unplanned, unforeseen declines in revenues. The Budget Stabilization Fund shall be initially established in an amount equal to 15% of General Fund Revenues. Example Calculation as follows:

- A. Based on the Town’s FY 2023 Budget, 15% of the Town’s General Fund Revenues translates into approximately **\$1,053,855** as follows:

Town of Dumfries, Virginia Financial Policy Guidelines

General Fund Revenues	\$	7,025,698
X 15% = Unassigned Fund Balance Target	\$	1,053,855

- B. Should future Town budgets require additional moneys to be added to meet these requirements, the Town will build up the required amounts over 3 Years

To the extent needed, the Budget Stabilization Fund shall be used first, in priority before Assigned and Unassigned Fund Balances. See Section 2.08 for Prioritization of use of Fund Balances.

2.07 Replenishment of Unassigned Fund Balance/Budget Stabilization Fund

Upon the use of any Unassigned Fund Balance or Budget Stabilization Fund for temporary funding of unforeseen emergency needs, which causes such fund balance to fall below the Unassigned Fund Balance Policy target or below the Budget Stabilization Fund target, the Town Council must approve and adopt a plan to restore amounts used within 36 months. If restoration of the reserve cannot be accomplished within such period without severe hardship to the Town, then the Town Council will establish a different time period.

2.08 Prioritization of Fund Balances

As indicated, the fund balance classifications outlined above are based on the level of restriction. In the event expenditures qualify for disbursement from more than one fund balance category, it shall be the policy of the Town that the most constrained or limited fund balance be used first. Funds shall be used in the following order: Restricted, Committed, Assigned, and Unassigned as they are needed.

2.09 Carryover Funds

Carryover funds are unspent funds requested by departments to move out of the previous fiscal year and into the new fiscal year raising the overall budget from adopted to amended budget classification. Reasons could include projects which were not completed in the previous year as expected or changes which occurred after the upcoming fiscal year acceptance of the new budget.

General operation funds typically should not be carried over from one fiscal year to the next unless funds are tied to a Grant. It is the responsibility of the departments to properly budget upcoming expenses for the new fiscal year.

Capital Improvement funds, may be carried over if a project is not completed within the year, upon recommendation of the Town Manager and approved by Town Council.

Town of Dumfries, Virginia

Financial Policy Guidelines

3.0 Revenues

The Town will strive to maintain a diversified mix of revenues in order to balance the sources of revenue amongst taxpayers and to provide ongoing stability and predictability and to shelter it from short-term fluctuations in any one revenue source.

Current revenues will fund current expenditures. The Town must balance the need for services and the Town's ability to raise fees, charges, and taxes to support those services.

3.01 Revenue Collections

The Town will monitor all taxes to ensure they are equitably administered and collections are timely and accurate. The Town will aggressively collect property taxes and related penalties and interest as authorized by the Code of Virginia.

3.02 Fees and Charges

As much as is reasonably possible, Town services that provide private benefit should be supported by fees and charges in order to provide maximum flexibility in use of general Town taxes to meet the cost of services of broader public benefit. Charges for services that benefit specific users should recover full costs, including all direct costs, capital costs, department overhead, and Town-wide overhead. Departments that impose fees or service charges should prepare and periodically update cost-of-service studies for such services. A subsidy of a portion of the costs for such services may be considered when consistent with legal requirements to meet other Town interests and objectives, such as remaining competitive within the region.

3.03 Reassessment

Reassessment will be made of all real property on a scheduled basis as determined by Prince William County. Note: Prince William County is responsible for reassessments.

3.04 Intergovernmental Aid

The Town will pursue intergovernmental aid, including grants, for those programs and activities that address a recognized need and are consistent with the Town's long-range objectives, and will attempt to recover all allowable costs associated with those programs. Any decision to pursue intergovernmental aid should include the consideration of the following:

- A. Present and future funding requirements;
- B. Cost of administering the funds;
- C. Costs associated with special conditions or regulations attached to the grant award
- D. When grants or other intergovernmental aid are reduced or eliminated, the program or project it supported will be reduced by a commensurate amount.

Town of Dumfries, Virginia

Financial Policy Guidelines

3.05 Revenue Forecasts

The estimate of the Town's revenues shall be set at realistic and attainable levels, sufficiently conservative to avoid shortfalls, yet accurate enough to avoid a systematic pattern of setting tax rates that produce significantly more revenue than is necessary to meet expenditure, fund balance and reserve requirements.

3.06 Restricted Revenue

Restricted revenue shall only be used for the purpose intended and in a fiscally responsible manner.

3.07 Use of One-Time Revenues

The Town will limit the use of one-time revenues to one-time expenditures such as non-recurring capital projects. However, to the extent that dedicated capital reserve funds are set aside and it can be demonstrated that use of such funds in the operating budget may provide a temporary and strategic benefit to defray targeted expenditures (i.e., debt service) for a defined period of time, the Town may incorporate use of such one-time funds in its operating budget.

Capital reserve funds may be comprised of Unassigned Fund Balance in excess of policy targets, operating surpluses from a given fiscal year, "banked revenues", budgeted contingencies, or some combination thereof.

3.08 Use of Fund Balance

The Town's General Fund equity balance will be utilized to provide sufficient working capital in anticipation of current budgeted revenues and to finance unforeseen emergencies without borrowing. The General Fund equity of the Town (Unassigned Fund Balance) should not be used to finance current operations.

Town of Dumfries, Virginia

Financial Policy Guidelines

4.0 Expenditures

The Town should accommodate ongoing expenditures within current resources. One-time expenditures should be funded with an offsetting revenue or from an established and adequately funded capital reserve fund. Expenditures will be evaluated based on the fiscal impact on current and future operations. Ongoing expenses will be monitored in comparison with budget appropriations, effectiveness of the services, and operational efficiency.

4.01 Continual Improvements

The Town will seek to optimize the efficiency and effectiveness of its services through Improvement efforts, performance measures, and by assessing its services with comparable localities to reduce costs and improve service quality.

4.02 Monitoring

The Town Manager or Department Directors, as applicable, are responsible for managing program expenses within the total adopted operating budget.

Town of Dumfries, Virginia

Financial Policy Guidelines

5.0 Budgets

The Town will annually adopt and execute a budget for such funds as may be required by law or by sound financial practices and generally accepted accounting principles. The budget shall control the levy of taxes and the expenditure of money for all Town purposes during the ensuing fiscal year. The Town budget shall be balanced within all available operating revenues, including the fund balance, and adopted by the Town Council. Per the Town's budget ordinance, the Town Manager is authorized and directed to do all things necessary to implement the annual budget to include making all payments and disbursement consistent with the purpose and intent of the adopted budget.

Public participation in the budgetary process will be encouraged. The Town will avoid dedicating revenue to a specific project or program because of the constraint this may place on flexibility in resource allocation except in instances where programs are expected to be self-sufficient or where revenue is dedicated to a program for statutory or policy reasons.

The budget process will be coordinated in a way that major policy issues are identified for Town Council prior to consideration of budget approval. All expenditures will be tracked for each fund.

A structured budget preparation and formulation process shall be used for all departments and Funds receiving funding from the Town.

- Departmental budgets shall be managed within the total appropriated departmental budget for each fiscal year.
- All operating budget appropriations shall lapse at the end of the fiscal year to the extent that they are not expended or encumbered.
- The budget shall be adopted by the favorable vote from the Town Council majority.
- The vision and priorities established by Town Council, as well as the Comprehensive Plan, will serve as the framework for the budget proposed by the Town Manager.
- The fiscal year for the Town is July 1 through June 30.
- One-time revenues shall be used for one-time expenditures only.
- The Town will maintain a budget control system and staff will monitor and evaluate expenditures and revenues as compared to budget and/or prior year-to-date reports. The Town Manager will propose recommendations to the Town Council for adjustments as needed.

5.01 Balanced Budget and Process

The annual budget of the Town will be considered balanced when all payments for operations, debt service, and annual capital plan needs do not exceed budgeted revenues. The Town Manager shall annually deliver a Proposed Budget for Town Council review. The Proposed Budget shall serve as a financial plan for the upcoming fiscal year and shall contain the following information:

1. A budget message that outlines the proposed revenue and expenditures for the upcoming fiscal year together with an explanation of any major changes from the previous fiscal year. The budget message should also include any proposals for major changes in financial policy.
2. Summaries of proposed revenues and expenditures by department for all funds proposed to be expended and received in a fiscal year.

Town of Dumfries, Virginia Financial Policy Guidelines

3. The proposed budget document will contain Revenue and Expenditures in the three following categories; prior year actuals, current year budget (as adopted and amended, if applicable) and proposed budget year.
4. The proposed budget appropriation process;
 - The Town Council shall hold a public hearing on the budget, including the Capital Improvement Program, pursuant to Town Council’s rules of procedure.
 - Following the public hearing on the budget, Town Council may make adjustments. In instances where Town Council increases the total proposed expenditures, it shall also identify a source of funding at least equal to the proposed expenditures.
5. Budget Transfers and Adjustments
 - Per the Town’s budget ordinance, the Town Manager is authorized to make transfers and adjustments among the various budgetary accounts within each agency.

5.02 Current Revenues to Support Current Expenditures

Ongoing and stable revenues will be used to support ongoing operating costs.

5.03 One-time Revenues and One-time Expenditures

The use of one-time revenues and one-time expenditure savings (excess cash balances) will be used for non-recurring expenditures, subject to certain exceptions as provided by section 3.07 and 4.0.

5.04 Budget Performance Monitoring

All departments of the Town will periodically examine and effect changes in program delivery responsibilities or management which would improve productivity, lower costs, enhance service, and further communication with the public. The Town will prepare monthly reports comparing actual revenues and expenditures (expenses) to budgeted amounts. The Town Manager is authorized to implement any cost savings measures necessary to ensure the Town stays within its adopted budget, i.e. expenditures do not exceed revenues.

Town of Dumfries, Virginia

Financial Policy Guidelines

6.0 Capital Improvement Program

In order to prepare and plan for upcoming capital needs and improve capital infrastructure, the Town will annually prepare and adopt a minimum five-year Capital Improvement Plan.

The adopted Capital Improvement Plan will include major capital improvements and identify estimated revenue sources and annual operational costs for facilities to include anticipated debt service requirements. Incremental operating costs associated with capital projects shall be funded in the operating budget after being identified and approved in the Capital Improvement Program.

Capital improvements do not include routine maintenance on existing capital assets.

Long-term borrowing shall be confined to major capital improvements and equipment purchases.

Capital project appropriations shall lapse upon project completion, allowing for an adequate warranty period. Lapsed appropriations shall remain in the Capital Fund for reallocation to other projects. Purchased items greater than \$25,000 individually will be classified and recorded as assets to the balance sheet.

6.01 Capital Improvement Program Components

The Town's capital improvement program consists of two (2) components:

- A. Capital plan - a listing of capital items that the locality anticipates undertaking within the next five (5) years. A capital item is any tangible asset or project with a total cost of \$25,000 or more and a useful life of at least five (5) years.
- B. Capital budget - an element of the locality's annual budget adoption process and details the upcoming year's planned expenditures for capital projects. This capital budget is based on the capital improvement plan.

Town of Dumfries, Virginia

Financial Policy Guidelines

7.0 Debt

The Town Council shall follow the guidelines listed below in making financial decisions on debt issuance. Adherence to these guidelines allows the Town to plan for the necessary financing of capital projects while maintaining credit worthiness. In addition, continued adherence to these policies will help ensure that the Town maintains the strongest financial position possible.

The Town shall use an objective analytical approach to determine whether it can afford new or additional general purpose debt. This process shall use the Town's standards of affordability. These standards include policies described under Section 7.07 herein.

The Town may obtain debt through a variety of methods including, but not limited to: stand-alone issuance via the public markets, state pooled loan programs, loans obtained directly from banks, U.S.D.A. or other funding mechanism as they may be available to local governments.

The Town may use the services of a Financial Advisor to assist in the analysis of debt issuance and undertaking debt obligations.

7.01 Tax Anticipation Notes (TANs)

The Town does not intend to issue tax anticipation notes (TANs) to fund government operations. However, if extraordinary circumstances arise affecting the timing of receipt of revenues in the course of the fiscal year requires the borrowing of money to support expenditures within the adopted budget the Town may issue promissory notes pursuant to Town Council authorization.

7.02 Bond Anticipation Notes (BANs)

The Town may issue Bond Anticipation Notes (BANs) in expectation of issuing long-term Bonds when cash is required in order to initiate or continue a capital project or when long-term markets do not appear appropriate but have a clear potential for improvement within the designated BAN time frame.

If the Town issues a bond anticipation note for a capital project, the BAN will be converted to a long-term bond or redeemed at its expiration.

7.03 Letters of Credit

The Town may enter into a letter-of-credit (LOC) when such an agreement is deemed prudent and advantageous. Such LOC may be used in lieu of a BAN.

7.04 Lease Purchase Obligations

Lease purchase and master lease obligations may be considered as an alternative to vendor leases. Such debt shall be subject to annual appropriation.

Town of Dumfries, Virginia

Financial Policy Guidelines

7.05 Public Private Partnerships

The Town recognizes the value of developing public-private partnerships. As such, public-private partnerships that require the Town to provide capital or credit enhancement to a project will be considered in light of the following:

- A. The project is multi-faceted requiring coordinated and/or accelerated development. The project is non-traditional with mixed use of public and private components. The project calls for the bundling of design, construction and operation phases.
- B. There is an urgent need to construct multiple facilities or other public infrastructure simultaneously to keep pace with a rapidly growing population or other critical public need.
- C. The project has undergone a rigorous cost-benefit analysis by Town Staff (or agents employed by the Town for such purpose). If the project ultimately requires Town credit enhancement, such obligations will be treated as if debt by the Town.
- D. The financing mechanism in the proposed public-private partnership will be evaluated in context of financing sources available to the Town and the most beneficial financing mechanism (i.e. cost of funds, terms and conditions, etc.) shall be undertaken.

7.06 Compliance with Legal Requirements

The Town shall comply with all applicable state and federal laws related to the issuance of indebtedness and/or lease obligations. The Town shall retain the use of a nationally recognized bond counsel to provide the appropriate legal advice with respect to any debt or lease issuance.

7.07 Tax Supported Debt Ratio Policies

Net tax-supported debt as a percentage of the total taxable assessed value of Dumfries Town real estate will not exceed 10% in accordance with The Constitution of Virginia Article VII, Section 10.

Policy 1: Tax Supported Debt as a Percentage of Total Taxable Assessed Value shall be targeted at 3.0%-4.0%.

This ratio indicates the relationship between the Town's debt and the Total Taxable value of real property, personal property, public service property and any other taxable property in the Town on which a tax is levied. It is an important indicator of the Town's ability to repay debt, because property taxes are the primary source of the Town's revenues used to repay debt. A small ratio is an indication that the Town will be better able to withstand possible future economic downturns and continue to meet its debt obligations.

The above policy shall not include debt that is fully or partially self-supporting from a user fee revenue stream (i.e. Business-type / Enterprise Fund indebtedness), although such debt will be taken into consideration in the evaluation of the Town's overall debt burden. A user fee revenue stream is defined as a revenue stream that provides partial or full coverage of all debt service obligations with minimal or no general fund support (i.e. Business-type / Enterprise Funds, which have revenues derived from charges for services and used to support related debt).

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Policy 2: Net tax-supported general obligation and subject to appropriation (i.e. moral obligation) debt service payments (principal and interest) shall not exceed 15% - 20% of Total Expenditures for any fiscal year.

Total General Fund expenditures shall be the applicable based to measure Net tax-supported debt service.

This ratio is a measure of the Town's ability to repay debt without hampering other Town services. A smaller ratio indicates a lesser burden on the Operating Budget that is supported by general tax revenues. The Operating Budget shall consist of ongoing or recurring Town General Fund Expenditures, net of local interfund transfers. One-time expenditures (i.e. Capital/Special Projects) will not be included in the calculation

Note: Any long term debt financing or lease obligations which may be subject to annual appropriation by the Town or have the Town's Moral Obligation pledge will also be included in the calculations of tax-supported debt and debt service in the above policies.

The above policies shall not include debt that is fully or partially self-supporting from a user fee revenue stream, although such debt will be taken into consideration in the evaluation of the Town's overall debt burden. A user fee revenue stream is defined as a revenue stream that provides partial or full coverage of all debt service obligations with minimal or no general fund support (i.e. Business-type / Enterprise Funds, etc., which have revenues derived from charges for services and used to support related debt).

Compliance with the above debt policy ratios will be calculated each fiscal year in conjunction with the budget development process and provided to the Town Council with the proposed annual budget.

Tax-supported obligations are those that are expected to be repaid from the General Fund tax revenue of the Town of Dumfries. These include general obligation bonds (except fully or partially self-supporting bonds) and capital leases. General obligation bonds issued for self-supporting enterprise funds are not included in calculations of tax-supported bonds.

- The Town will not use long-term debt to fund current operations.
- The Town will not use short-term borrowing to fund current operations, unless extraordinary circumstances arise affecting the timing of receipt of revenues in the course of the fiscal year requires the borrowing of money to support expenditures within the adopted budget the Town may issue promissory notes pursuant to Town Council authorization.
- Whenever the Town finds it necessary to issue tax-supported bonds, the following policy will be adhered to:
 1. The Town will never borrow more than it has the capacity to repay.
 2. The term of any bond issue will not exceed the useful life of the capital project/facility or equipment for which the borrowing is intended.

7.08 Long Term Debt Policy

The Town will use debt financing for capital projects and unusual equipment purchases under the following circumstances:

- A. When the project is included in the Town's capital improvement program.

Town of Dumfries, Virginia Financial Policy Guidelines

- B. When the project is not included in the Town's Capital Improvement Program, but it is an emerging critical need whose timing was not anticipated in the Capital Improvement Program, or it is a project mandated immediately by state or federal requirements.
- C. When the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing.
- D. When there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost sharing revenues.

The following criteria will be used to evaluate funding options for capital improvements:

- A. Factors that favor pay-as-you-go:
 - Current revenues and adequate fund balances are available.
 - Project phasing is feasible.
 - Debt levels would adversely affect the Town's credit.
 - Financial market conditions are unstable or present difficulties in marketing the sale of long-term financing investments.
- B. Factors that favor long-term financing:
 - Revenues available for debt service are considered sufficient and reliable so that long-term financing can be marketed with the highest possible credit rating.
 - The project for which financing is being considered is of the type that will allow the Town to maintain the best possible credit based on industry standard best practices.
 - Market conditions present favorable interest rates and demand for municipal financings.
 - A project is mandated by state or federal requirements and current revenues and fund balances are insufficient to pay project costs.
 - A project is immediately required to meet or relieve capacity needs.

There are many different types of long-term debt instruments available. Depending on the specific circumstances, the Town will consider using the following types of financing instruments depending upon circumstances as evaluated by the Town:

- A. General Obligation Bonds
- B. Lease Revenue Bonds, or Subject to Appropriation (i.e. Moral Obligation) Bonds
- C. Revenue Bonds
- D. Selected State Pooled-Borrowing Programs for General and/or Utility Capital Needs, Including those of the Virginia Resources Authority
- E. Loans or leases obtained directly from banks and/or leasing institutions

Town of Dumfries, Virginia Financial Policy Guidelines

F. USDA (“Rural Development”) Loans

7.09 Bond Structure

The Town shall establish all terms and conditions relating to the issuance of bonds, and will invest all bond proceeds pursuant to the terms of the bond. Unless otherwise authorized by the Town, the following shall serve as bond requirements:

A. Term

All capital improvements financed through the issuance of debt will be financed for a period not to exceed the useful life of the improvements. It is the Town’s goal to issue bonds with a final maturity of no more than thirty (30) years. However, maturities longer than 30 years (i.e. USDA loans) may be issued at the Town’s discretion based on the nature and useful life of the asset being financed and budgetary cash flow considerations.

B. Capitalized Interest

From time to time, certain financings may require the use of capitalized interest from the issuance date until the Town has beneficial use and/or occupancy of the financed project. Interest shall not be funded (capitalized) beyond three years or a shorter period if further restricted by law. Interest earnings may, at the Town’s discretion, be applied to extend the term of capitalized interest but in no event beyond the term allowed by law.

C. Debt Service Structure

Debt issuance shall be planned to achieve relatively equal payments of principal and interest (level debt service) while matching debt service to the useful life of facilities. The Town shall avoid the use of bullet or balloon maturities except in those instances where these maturities serve to make existing overall debt service level. The Town may elect a more rapid debt service structure, such as level principal payments, or less rapid wrapped debt service structures at its discretion and depending upon affordability.

D. Call Provision

In general, the Town’s debt will include an early redemption (or “call”) feature, which is no later than 10 years from the date of delivery of the bonds. The Town will avoid the sale of non-callable bonds absent careful, documented evaluation by the Town in conjunction with its Financial Advisor with respect to the value of the call option.

E. Original Issue Discount

An original issue discount will be permitted if the Town determines that such discount results in a lower true interest cost on the bonds and that the use of an original issue discount will not adversely affect the project funding.

F. Deep Discount Bonds

Deep discount bonds may provide a lower cost of borrowing in certain markets. The Town will carefully consider their value and effect on any future refinancing as a result of the lower-than-market coupon associated with deep discount bonds.

Town of Dumfries, Virginia

Financial Policy Guidelines

G. Derivative and Swap Transactions

The Town recognizes that derivatives and swap transactions are highly complex financial instruments. In general, the Town should seek to fund its capital and other needs with more traditional financing vehicles such as those financing vehicles outlined under Section 7.08. In the event that there is a compelling reason to consider the use of a derivative or swap transaction, the Town will work closely with its Financial Advisor to analyze the risks of such derivative or swap transaction. In addition, the Town will obtain its Financial Advisor's written recommendation and rationale as to why the use of a derivative or swap transaction is the best funding strategy for the Town. The Town Management and Town Council will acknowledge its understanding of its Financial Advisor's written recommendation and the risks involved with entering into a derivative or swap structure transaction.

Prior to the use of a derivative or swap transaction, the Town will adopt a comprehensive Derivative and Swap Management Plan that is consistent and does not conflict in principle with this governing policy.

7.10 Variable Rate

To maintain a predictable debt service burden, the Town may give preference to debt that carries a fixed interest rate. The Town, however, may consider variable rate debt. The percentage of variable rate debt outstanding (excluding debt which has been converted to synthetic fixed rate debt with a derivative or swap transaction) shall not exceed 75% of the Town's combined Unassigned Fund Balance and Revenue Stabilization Fund Balance. The Town may consider issuing variable rate debt to:

- A. Match Assets and Liabilities: By issuing variable rate debt the Town matches variable interest rates to its short-term investment assets.
- B. Potentially Lower Debt Service Costs: Historically variable interest rates are less than fixed rate cost of capital.
- C. Add Flexibility and Diversity to the Town's Debt Structure: Variable rate bonds are traditionally callable every 30 days and can generally be refunded on a fixed rate basis to take advantage of low fixed rates and open up variable rate capacity for higher rate environments.

In determining its use of variable rate debt, the Town will utilize an analysis from the Town's Financial Advisor evaluating and quantifying the risks and returns involved in the variable rate financing.

7.11 Refinancing Outstanding Debt

The Town Manager and Finance Director with assistance from the Town's Financial Advisor will have the responsibility to analyze outstanding bond issues for refunding opportunities. The Town will consider the following issues when analyzing possible refunding opportunities:

A. Refunding

The Town establishes a minimum aggregate present value savings threshold of 3% of the refunded bond principal amount. The present value savings will be net of all costs related to the refinancing. Debt service savings may be taken in equal amounts over time or on an upfront or deferred basis, at the Town's discretion. The Town shall receive a written refunding analysis indicating the

Town of Dumfries, Virginia Financial Policy Guidelines

estimated amount of net present value savings from its Financial Advisor prior to selling bonds to refund any outstanding bonds.

B. Restructuring

The Town will restructure debt when it is in the best financial interest of the Town to do so. Such refunding will be limited to restructuring to meet unanticipated revenue expectations, achieve costs savings, mitigate irregular debt service payments, release reserve funds or remove unduly restrictive bond covenants, or to respond to a financial emergency. Refunding transactions for revenue bonds can be structured so that savings are realized over the life of the refunding bonds or up-front, depending on the results of a cost-benefit analysis.

C. Term of Refunding Issues

The Town will refund bonds within the term of the originally issued debt. However, the Town may consider maturity extension, when necessary to achieve a desired outcome, provided that such extension is legally permissible. The Town may also consider shortening the term of the originally issued debt to realize greater savings. The remaining useful life of the financed facility and the concept of inter-generational equity should guide this decision.

D. Escrow Structuring

The Town shall utilize the least costly securities available in structuring refunding escrows, which is typically provided by State and Local Government Series (SLGs) securities issued by the Federal Government. In the event that SLGs are not available, the Town shall use the services of a bidding agent to obtain an escrow consisting of competitively obtained open market securities shall be used for escrows. A certificate will be provided by a third party provider stating that the open market securities were procured through an arms-length, competitive bid process, and that the price paid for the securities was reasonable within Federal guidelines. Under no circumstances shall an underwriter, bidding agent or Financial Advisor sell escrow securities to the Town from its own account.

E. Arbitrage

The Town shall take all necessary steps to optimize escrows and to avoid negative arbitrage in its refunding. Any resulting positive arbitrage will be rebated as necessary according to Federal guidelines.

7.12 Methods of Issuance

The Town shall comply with all requirements of the Public Finance Act as included in Title 15.2 of the Code of Virginia and other legal requirements regarding the issuance of bonds and certificates of the Town or its debt issuing authorities.

The Town shall comply with all U.S. Internal Revenue Service rules and regulations regarding issuance of tax exempt debt, including arbitrage rebate requirements for bonded indebtedness, and with all Securities and Exchange Commission requirements for continuing disclosure of the Town's financial condition, and with all applicable Municipal Securities Rulemaking Town Council requirements.

The Town will determine the method of issuance on a case-by-case basis in consultation with its Financial Advisor.

Town of Dumfries, Virginia

Financial Policy Guidelines

A. Competitive Sale

In a competitive sale, the Town's bonds shall be awarded to the bidder providing the lowest true interest cost as long as the bid adheres to the requirements set forth in the official note of sale.

B. Negotiated Sale

The Town recognizes that some securities are best sold through negotiation. In its consideration of a negotiated sale, the Town shall assess the following circumstances:

- Bonds issued as variable rate demand obligations.
- A structure which may require a strong pre-marketing effort such as a complex transaction or a "story" bond.
- Size or credit rating of the issue which may limit the number of potential bidders.
- Market volatility is such that the Town would be better served by flexibility in timing a sale in a changing interest rate environment.

C. Direct Bank Loans

From time to time the Town may elect to obtain Direct Bank Loans for its financing needs. Such Direct Bank Loans shall be considered if other methods are not viable or cost effective.

7.13 Bond Insurance

The Town may purchase bond insurance when such purchase is deemed prudent and advantageous. Use of bond insurance shall be based on such insurance being less costly than the present value of the difference between the interest on insured bonds versus uninsured bonds.

In the case of a competitive sale, the Town may permit bidders for its bonds to purchase bond insurance if such insurance will enhance the market reception and lower the interest rate on the Town's bonds. The winning bidder in a competitive sale will bear any associated cost with such enhancement.

In the instance of a negotiated sale, the Town may solicit quotes for bond insurance from interested providers. The Town may select a provider whose bid is most cost effective and whose terms and conditions governing the guarantee are satisfactory to the Town.

7.14 Debt Service Reserves

If necessary, the Town may establish a reserve fund funded from bond proceeds, subject to federal tax regulations and in accordance with the requirements of credit enhancement providers and/or rating agencies. The Town may purchase reserve equivalents (i.e., a reserve fund surety or letter of credit) when such purchase is deemed prudent and advantageous. Such equivalents shall be evaluated in comparison to cash funding of reserves on a net present value basis.

7.15 Underwriter Selection

A. Senior Manager Selection

Town of Dumfries, Virginia Financial Policy Guidelines

The Town shall select a senior manager for any proposed negotiated sales. The selection criteria shall include but not be limited to the following:

- The firm's ability and experience in managing transactions similar to that contemplated by the Town.
- Prior knowledge and experience with the Town.
- The firm's ability and willingness to risk capital and demonstration of such risk and capital availability.
- Quality and experience of personnel assigned to the Town's engagement financing plan presented.
- Underwriting fees.

B. Co-Manager Selection

Co-managers may be selected on the same basis as the senior manager. In addition to their qualifications, co-managers appointed to specific transactions will be a function of transaction size and the necessity to ensure maximum distribution of the Town's bonds.

C. Selling Groups

The Town may establish selling groups in certain transactions. To the extent that selling groups are used, the Town Manager at his or her discretion, may make appointments to selling groups from within the pool of underwriters or from outside the pool, as the transaction dictates.

D. Underwriter's Counsel

In any negotiated sale of Town debt in which legal counsel is required to represent the underwriter, the appointment will be made by the Senior Manager.

E. Underwriter's Discount

The Town Manager with assistance from the Town's Financial Advisor will evaluate the proposed underwriter's discount against comparable issues in the market. If there are multiple underwriters in the transaction, the Town Manager will determine the allocation of underwriting liability and management fees in consultation with the Town's Financial Advisor.

The allocation of fees will be determined prior to the sale date; a cap on management fee, expenses and underwriter's counsel will be established and communicated to all parties by the Town Manager. The senior manager shall submit an itemized list of expenses charged to members of the underwriting group. Any additional expenses must be substantiated.

F. Evaluation of Underwriter Performance

The Town will evaluate each bond sale after completion to assess the following: costs of issuance including underwriters' compensation, pricing of the bonds in terms of the overall interest cost and on a maturity-by-maturity basis, and the distribution of bonds and sales credits.

Town of Dumfries, Virginia Financial Policy Guidelines

7.16 Consultants

A. Financial Advisor

The Town may select a Financial Advisor (or advisors) to assist in its debt issuance and debt administration processes. Selection of the Town's Financial Advisor(s) shall be based on, but not limited to, the following criteria:

- Experience in providing consulting services to entities similar to the Town. Knowledge and experience in all matters related to Public Finance, including, but not limited to, budgeting analysis and projections, debt management, debt structuring and issuance, credit rating services, financial modeling, and economic development project analysis, among others.
- Fees and expenses
- Conflicts of Interest. The Town requires that its consultants and advisors provide objective advice and analysis, maintain the confidentiality of Town financial plans, and be free from any conflicts of interest.

B. Bond Counsel

Town debt will include a written opinion by legal counsel affirming that the Town is authorized to issue the proposed debt, that the Town has met all legal requirements necessary for issuance, and a determination of the proposed debt's federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by counsel with extensive experience in public finance and tax issues. The Bond Counsel will be selected by the Town.

C. Disclosure by Financing Team Member

All financing team members will be required to provide full and complete disclosure, relative to agreements with other financing team members and outside parties. The extent of disclosure may vary depending on the nature of the transaction. However, in general terms, no agreements shall be permitted which could compromise the firm's ability to provide independent advice which is solely in the Town's best interests or which could reasonably be perceived as a conflict of interest.

7.17 Town Financial Disclosure

The Town is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, Town departments, and the general public to share clear, comprehensive, and accurate financial information. The Town is committed to meeting secondary market disclosure requirements on a timely and comprehensive basis through the Municipal Securities Rulemaking Board ("MSRB") Electronic Municipal Market Access ("EMMA") dataport, if applicable.

EMMA Procedures (if applicable): The Town will undertake the following procedures to ensure prompt and timely submission of its continuing disclosure information if the Town is required to do so in connection with a public offering of debt or obligation requiring disclosure through EMMA.

- 1) Email reminders are to be established and maintained through the EMMA dataport to automatically generate 30 days prior to the filing due date each year. These emails are scheduled to be delivered to the Town Manager ("Primary Contact"), Finance Director ("Secondary Contact").

Town of Dumfries, Virginia Financial Policy Guidelines

- 2) After the email reminders have been received by the individuals listed above, a new continuing disclosure submission is created by the Primary Contact. All information is then reviewed for accuracy by the Secondary Contacts and then submitted by Primary Contact on or before the required filing due date. If the required continuing disclosure information will not be ready prior to the required filing due date, then a notice of failure to file the continuing disclosure information will be filed that contains an estimated filing date for the required continuing disclosure information.
- 3) The Town shall file any material event notices within 10 days of such event occurring. If the Town is unsure of the materiality of an event, it shall be discussed with its Bond Counsel and/or Financial Advisor to confirm if such event should be filed.

The procedures listed above will continue annually, however the individuals listed may change.

8.0 Financial Reporting and Accounting Standards

The Town's financial statements will conform to generally accepted accounting principles (GAAP) as established by the Government Accounting Standards Town Council (GASB).

8.01 Accounting Records

The Town will maintain an accounting system to allow for the accurate and timely preparation of financial statements.

8.02 Audit Requirements

An independent certified public accountant will perform an annual audit of the Town's financial statements and present the results to Town Council.

Town of Dumfries, Virginia

Financial Policy Guidelines

9.0 Economic Development

Prior to any formal or informal introduction of a potential Economic Development Project that may require the Town's direct or indirect support, the Town Manager will be required to provide an independent assessment of the proposed Economic Development Project to the Town Council. In providing such independent assessment, the Town Manager may be assisted by the Town's Financial Advisor and any other consultants that are deemed appropriate. Ample time shall be provided so that the independent assessment will include, at a minimum, the following:

- A. Identification of business risk/going concern risks of the business prospect;
- B. Construction costs, including contingencies, of the Proposed Project;
- C. The direct and/or indirect Town commitment involved with the Proposed Project;
- D. Evaluation of inflationary impact, if any, related to the Proposed Project or Town's commitment;
- E. Evaluation of any performance management contracts that may be entered into in conjunction with the Proposed Project;
- F. Identification of any potential contingent liabilities to the Town that may result from the Proposed Project; and
- G. Identification of all annual revenues and expenses (i.e. incentives, maintenance, debt service, etc.) that would result from the Proposed Project. In addition, the independent assessment shall provide, if possible, an annual cash flow pro-forma analysis so as to determine the annual impact on the Town's General Fund and/or other fund as applicable.

Finally, the independent assessment shall include a determination of the impact, if any, on the Town's current and/or future debt capacity.



AGENDA ITEM REQUEST FORM

Item Type

Award Proclamation Resolution/Ordinance Motion Discussion

Statement of Purpose

To build upon the Town's solid financial position by formally adopting financial policy guidelines for the Town

Background/References

The purpose of adopting effective Financial Policy Guidelines are as follows:

- Promote short-term and long-term financial stability;
- Establish clear and consistent guidelines that provide a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines;
- Financial policies that are adopted, adhered to, and regularly reviewed are recognized as "best practices" in sound financial management and safeguards the fiscal stability of the Town; and
- Maximize the Town's credit worthiness such that it has reliable access to capital markets (either bank financing or public markets).

Fiscal Impact

N/A

Suggested Motion

Motion to Approve

Requested Meeting Date

September 20, 2022

Attachments

- *For awards and proclamations, please attach desired language*

Summary of Proposed Financial Policy Guidelines

Town of Dumfries

September 20, 2022



Rendering of The Rose





- Davenport & Company, as the Town’s Financial Advisor, was engaged to provide Financial Advisory Services with respect to the analysis, development and implementation of the Proposed Financial Policy Guidelines.

- In developing the Proposed Financial Policy Guidelines herein we incorporated the following:
 - Peer group comparative analysis of Key Ratios based on Industry Standard Benchmarks and Virginia and National averages/medians; and
 - Analysis of the Town’s existing and projected debt and fund balance ratios;

- Effective Financial Policy Guidelines promote short-term and long-term financial stability by establishing clear and consistent guidelines and provide the Town (Council, Staff and Citizens) with a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

Goals and Objectives



- Provide Town Council with Proposed Financial Policy Guidelines for consideration and adoption.
 - The Proposed Financial Policy Guidelines are based upon Industry Standard Benchmarks and insights from the Peer Comparatives and Key Financial Ratios.

- *Implementation of the Proposed Financial Policy Guidelines is in keeping with “Best Practices” and sound fiscal management.*
 - Financial Policies that are adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management and safeguards the fiscal stability of the Town.



Financial Policies: Summary Highlights by Section



Section 1: Policy Implementation and Review

- Outlines framework and objectives for the Financial Policies which provide guidance for financial decisions of the Town.

- Approach: Town Council in conjunction with the Town Manager and Finance Director will review and promote compliance with the financial policies.
 - Objectives of the Financial Policies:
 - Guide Town’s management policy decisions that impact the fiscal health of the Town.
 - Promote financial stability and health.
 - Big picture focus taking into account long-term planning.
 - Maximize the Town credit such that it has reliable access to capital markets (either bank financing or public markets).
 - Provide Town Council/citizens with a framework for measuring fiscal impact of government services.
 - If there is any anticipated or unplanned variance from these policies, Staff will advise Town Council and establish a plan for recovery within three years.

- Financial polices will be reviewed for appropriateness on an annual basis during the budget process.
 - Such review shall take into consideration the Town’s current and projected fund balance and debt ratios as well as any developments or changes in accounting standards and/or National Credit Rating Agency criteria.
 - Based on the review the Town may consider amending these policies as appropriate.



Section 2: Fund Balance / Reserves

- Fund balances to be categorized as required by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.
 - Non-spendable
 - Restricted
 - Committed – By action of Town Council.
 - Assigned – Does not necessarily require Town Council action; assigned via encumbrance process/purchasing activity.
 - Unassigned – Amounts not in the above that may be used for any available purpose.

- The purpose of the General Fund Balance Policy is to specify the composition of the Town’s financial “Reserves”, set minimum levels for fund balances or reserves, and to identify certain requirements for replenishing any general fund balances or reserves utilized.

- The Reserves are to be initially established at levels that provide for cash flow flexibility, throughout the year and for unforeseen, emergency revenue decreases or expenditure increases, resulting in budgetary shortfalls.

- Annual review and/or amendment would take into account potential material changes in the Town’s Budget (i.e., new revenues related to the Casino).



Section 2: Fund Balance / Reserves (Continued)

- **Proposed Unassigned Fund Balance (“UFB”) Reserves Target should meet the greater of:**
 - \$3,500,000 or 50% of General Fund Revenues.
 - The Town’s FY 2021 Unassigned Fund Balance of \$3.8mm is above the \$3.5mm minimum target; and
 - Is above the 50% target (\$3.2MM) as measured against the General Fund Revenues.
 - Should future Town budgets require additional moneys to be added to meet these requirements, the Town will build up the required amounts over **2 Years**.

- **Proposed Budget Stabilization Fund (“BSF”) Reserves Target should meet:**
 - 15% of General Fund Revenues.
 - The Town could initially fund the BSF with the \$300,000 “excess Unassigned Fund Balance above the policy target”.
 - Should future Town budgets require additional moneys to be added to meet these requirements, the Town will build up the required amounts over **3 Years**.

Section 2: Fund Balance / Reserves (Continued)

Proposed “Reserves”: Unassigned Fund Balance (UFB) & Budget Stabilization Fund (BSF)



- Unassigned General Fund Balance – Observations
 - As of FY 2021, the Unassigned Fund Balance is approximately \$3.8 Million and represents approximately 59% of General Fund Revenues.
 - The Unassigned General Fund Balance is at a healthy level, but significant investment in the Community and Infrastructure due to Economic Development and Growth of the Tax Base is projected to utilize some of these resources.

Historical Fund Balance

General Fund Balance	2016	2017	2018	2019	2020	2021	5-Year CAGR
1 Fund Balances							
2 Non-Spendable, Restricted, Committed and Assigned \$	30,431	\$ 3,932	\$ 387,326	\$ 387,972	\$ 390,906	\$ 406,879	68.0%
3 Unassigned	3,786,816	4,056,400	3,782,694	3,932,253	3,430,294	3,824,641	0.2%
4 Total General Fund Balance	\$ 3,817,247	\$ 4,060,332	\$ 4,170,020	\$ 4,320,225	\$ 3,821,200	\$ 4,231,520	2.1%
5							
6 Total General Fund Revenues	\$ 4,391,344	\$ 4,734,114	\$ 4,510,548	\$ 5,267,660	\$ 5,052,911	\$ 6,479,289	8.1%
7 YoY Growth		7.8%	-4.7%	16.8%	-4.1%	28.2%	
8 Unassigned FB as a % of Gen. Fund Revs	86.2%	85.7%	83.9%	74.6%	67.9%	59.0%	

(1) Increase in restricted funds is attributable to the requirement for debt service reserve funds related to the financing of the Town Hall / Municipal Building in FY 2018.

Section 2: Fund Balance / Reserves (Continued)

Proposed “Reserves”: Unassigned Fund Balance (UFB) & Budget Stabilization Fund (BSF)



Recommendation:

- Davenport recommends the following Proposed “Reserve Policy”:
 - Unassigned Fund Balance (UFB) level at the greater of \$3.5mm or 50% of General Fund Revenues. Based on the FY 2023 Budget, this figure approximates \$3,512,849.
 - Budget Stabilization Fund (BSF) level that at 15% of General Fund Revenues. Based on the FY 2023 Budget, this figure approximates \$1,053,855. The Town could build up to this level over the next 3 years, starting with setting aside the \$311,792 in excess from the UFB.

- The Reserve Policy also incorporates a plan to replenish the above funds over 3 years in the event they are used.

- The target levels should be sufficient for the Town to avoid the use of Revenue Anticipation Note (RAN) cash flow borrowings and provide enough funds for unplanned, unforeseen circumstances.

	Audit	Budget
Proposed Reserves Policy	Audit FY'21	Budget FY'23
1 Unassigned FB	\$ 3,824,641	\$ 3,512,849
2 UFB Over / (Under) Policy	- n/a -	311,792
3 Transfer to Budget Stabilization Fund	- n/a -	(311,792)
4 Total Unassigned FB	\$ 3,824,641	\$ 3,512,849
5 Budget Stabilization Fund	- n/a -	\$ 311,792
6 UFB Over / (Under) Policy	- n/a -	(742,063)
7 Total Budget Stabilization Fund	- n/a -	\$ 1,053,855
8 Total General Fund Revenues	\$ 6,479,289	\$ 7,025,698
9 UFB as a % of Gen. Fund Revs	59.0%	50.0%
10 BSF as a % of Gen. Fund Revs	- n/a -	4.4%

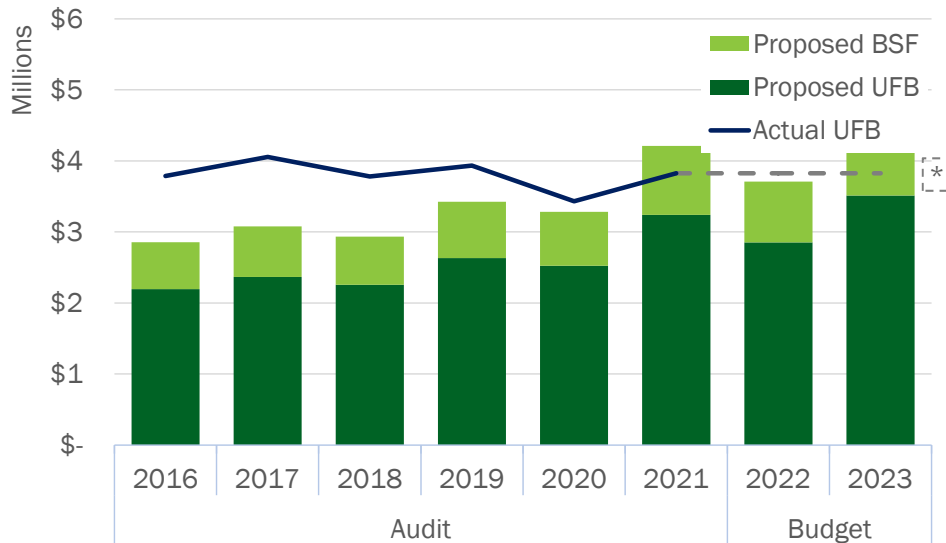


Section 2: Fund Balance / Reserves (Continued)

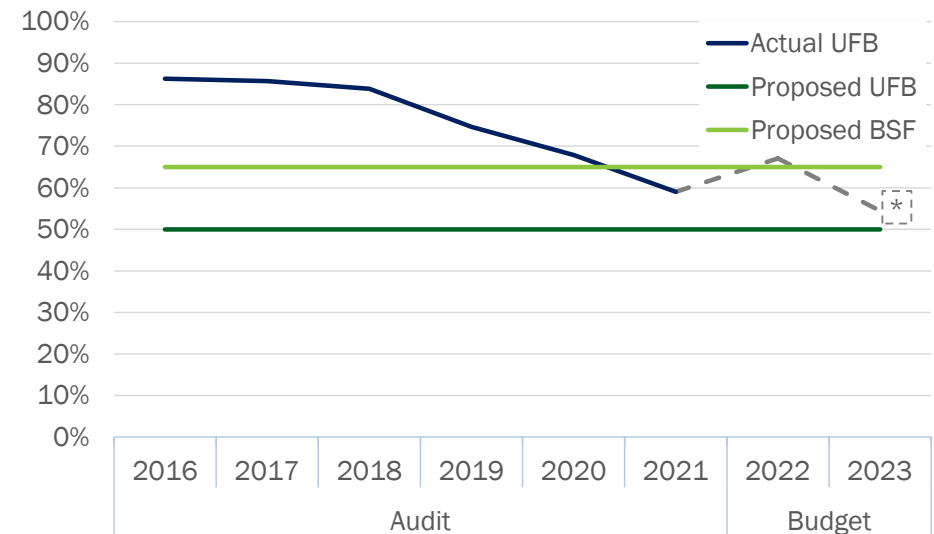
Proposed “Reserves”: Unassigned Fund Balance (UFB) & Budget Stabilization Fund (BSF)

- Over the past several years, the Town’s Unassigned Fund Balance has grown modestly from \$3.7mm to over \$3.8mm.
- Even if the Town’s UFB were to remain flat through FY’23, the Town would have roughly \$312,000 in cushion above the Proposed UFB Policy, based on FY’23 Budgeted Revenues of \$7,025,698. The \$312,000 could be used to start building up the Budget Stabilization Fund over the next 3 years.
- In as early as FY’24, the Town is projecting General Fund Revenues will increase due to the Casino Project. The Town may want to consider setting aside some of these incremental Revenues once they materialize to further enhance the Town’s Policy Levels.

Actual UFB and Proposed Reserves (UFB & BSF)



UFB and BSF as % of Gen. Fund Revs

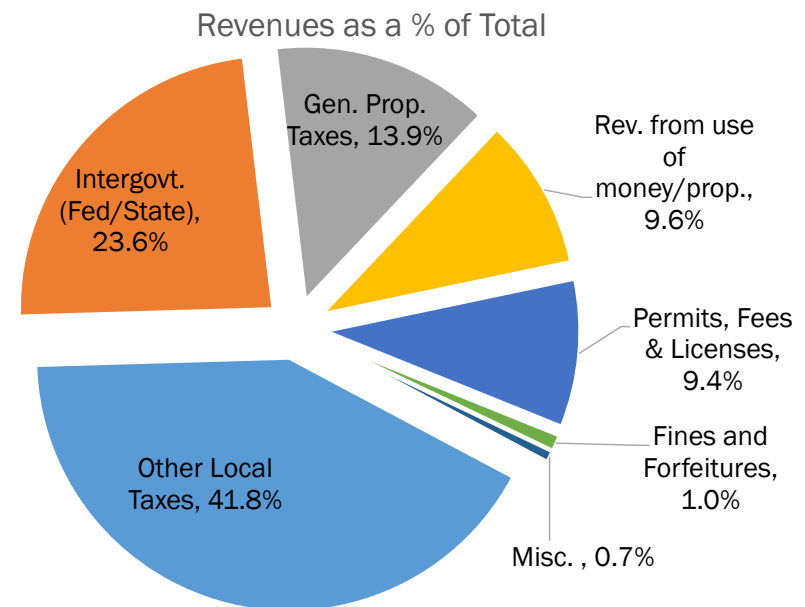


* Charts assumed Unassigned Fund Balance held-flat at FY’21 level (\$3.8mm) between FY’22 to FY’23.



Section 3: Revenues

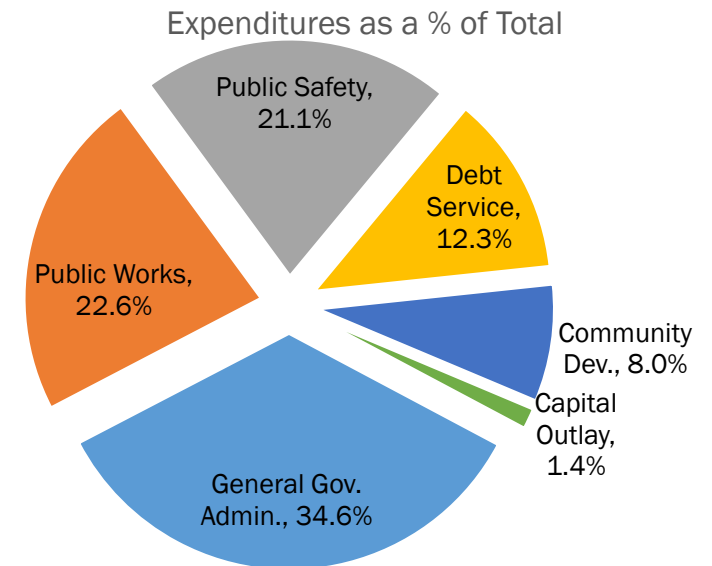
- Strive to maintain a diversified mix of revenues in order to balance the sources of revenue amongst taxpayers and to provide ongoing stability and predictability.
- Monitor all taxes to ensure they are equitably administered and collections are timely and accurate.
- To the extent possible, fees and charges shall be structured in order to recover full costs, including all direct costs, capital costs, department overhead, and Town-wide overhead.
- Estimated Town revenues shall be set at realistic and attainable levels, sufficiently conservative to avoid shortfalls, yet accurate enough to avoid a systematic pattern of setting tax rates that produce significantly more revenue than is necessary to meet expenditure, fund balance and reserve requirements.
- Limit the use of one-time revenues to one-time expenditures such as non-recurring capital projects.
 - However, permitted exceptions may include dedicated capital reserve funds. (Funds set aside and can be demonstrated that use of such funds in the operating budget may provide a temporary and strategic benefit to defray targeted expenditures (i.e., debt service) for a defined period of time).





Section 4: Expenditures

- Accommodate ongoing expenditures within current resources.
- One-time expenditures funded with an offsetting revenue or from an established and adequately funded capital reserve fund.
- Expenditures will be evaluated based on the fiscal impact on current and future operations.
 - On-going expenses will be monitored in comparison with budget appropriations, effectiveness of the services, and operational efficiency.
- Seek to optimize the efficiency and effectiveness of its services through Improvement efforts, performance measures, and by assessing its services with comparable localities to reduce costs and improve service quality.
- Town Manager or Department Directors, as applicable, are responsible for managing program expenses within the total adopted operating budget.





Section 5: Budgets

- The annual budget shall be balanced within all available operating revenues, including the fund balance, and adopted by the Town Council.
- The annual budget of the Town will be considered balanced when all payments for operations, debt service, and annual capital plan needs do not exceed budgeted revenues.
- The Town Manager shall annually deliver a Proposed Budget for Town Council review. The Proposed Budget shall serve as a financial plan for the upcoming fiscal year and shall contain the following information:
 1. A budget message that outlines the proposed revenue and expenditures for the upcoming fiscal year together with an explanation of any major changes from the previous fiscal year. The budget message should also include any proposals for major changes in financial policy.
 2. Summaries of proposed revenues and expenditures by department for all funds proposed to be expended and received in a fiscal year.
 3. The proposed budget document will contain Revenue and Expenditures in the three following categories; prior year actuals, current year budget (as adopted and amended, if applicable) and proposed budget year.
 4. Budget Transfers and Adjustments
- Per the Town's budget ordinance, the Town Manager is authorized to make transfers and adjustments among the various budgetary accounts within each fund.
- Ongoing and stable revenues will be used to support ongoing operating costs.
- The use of one-time revenues and one-time expenditure savings (excess cash balances) will be used for non-recurring expenditures, subject to certain exceptions (i.e. Capital Reserve Funds)



Section 6: Capital Improvement Program

- Annual preparation and adoption of a five-year Capital Improvement Plan.
 - **Capital Improvement Plan:** A listing of capital items that the locality anticipates undertaking within the next five (5) years. A capital item is any tangible asset or project with a total cost of \$25,000 or more and a useful life of at least five (5) years.
 - **Capital Budget:** An element of the locality’s annual budget adoption process and details the upcoming budget year’s planned expenditures for capital projects. This capital budget is based on the capital improvement plan.

- The adopted Capital Improvement Plan will include major capital improvements and identify estimated revenue sources and annual operational costs for facilities to include anticipated debt service requirements.
 - Incremental operating costs associated with capital projects shall be funded in the operating budget after being identified and approved in the Capital Improvement Program.

- Capital improvements not to include routine annual maintenance on existing capital assets.

- Long-term borrowing shall be confined to major capital improvements and equipment purchases.

- Capital project appropriations shall lapse upon project completion, allowing for an adequate warranty period. Lapsed appropriations shall remain in the Capital Fund for reallocation to other projects.

- Purchased items greater than \$25,000 individually will be classified and recorded as assets to the balance sheet.



Section 7: Debt

- Tax Anticipation Notes (TANs) are not intended to be used, but they will be permitted if extraordinary circumstances arise notes may be used.
- Bond Anticipation Notes (BANs) or Letters of Credit (LOCs) may be issued in expectation of issuing long-term Bonds when cash is required in order to initiate or continue a capital project.
- Lease purchase and master lease obligations allowed for short-term needs.
- Long-term borrowing for major capital improvements and long-lived equipment.
- Public Private partnerships that require the Town to provide capital or credit enhancement to a project may be considered after undergoing a rigorous cost-benefit analysis by Town Staff (or agents employed by the Town for such purpose).
- The Town shall comply with all applicable state and federal laws related to the issuance of indebtedness and/or lease obligations. The Town shall retain the use of a nationally recognized bond counsel to provide the appropriate legal advice with respect to any debt or lease issuance.
- Proposed Debt Policy targets are discussed on the following pages:

Section 7: Debt (Continued)

Proposed Policy: Debt vs. Assessed Valuation

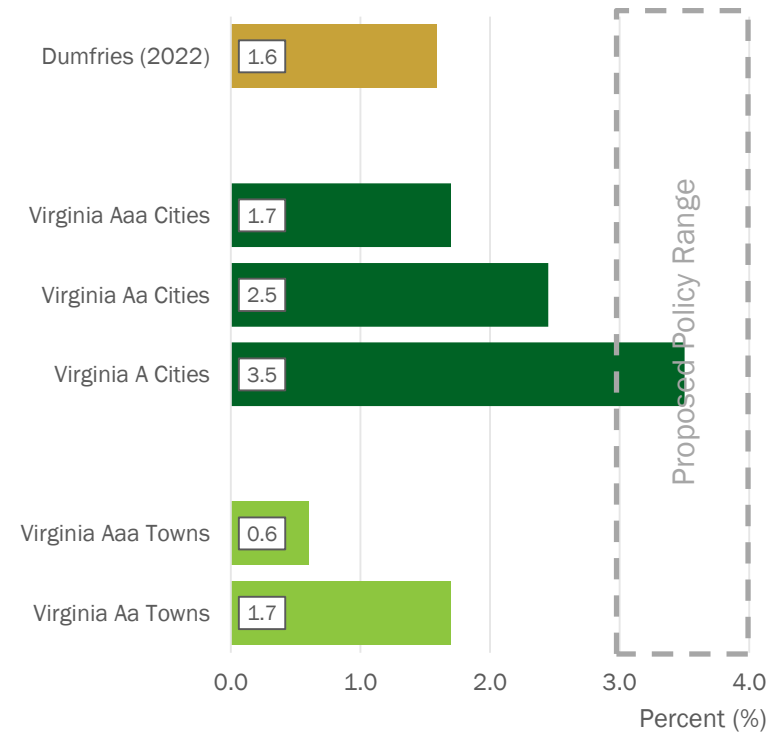


- General Fund (Tax Supported) Debt Capacity
 - Debt vs. Assessed Value of taxable property is a key ratio that answers the question *“Can I Borrow This?”*.

Recommendation:

- Davenport recommends that the Town implement Debt Policies that govern the amount of debt that can be issued and still be in compliance with “Best Practices” of comparable local governments.
- Proposed Debt Policy: Davenport recommends that the Town consider adopting a Debt vs. Assessed Value Policy in the 3.0% to 4.0% range.
- This range translates into additional General Fund (Tax Supported) debt capacity of \$8 Million to \$14 Million.

Tax Supported Debt to Assessed Value Peer Comparative



- Rating Considerations:
 - Moody’s: Criteria for General Obligation Credits defines categories of Debt to Assessed Values as:
 - Very Strong (Aaa): < 0.75%
 - Strong (Aa): 0.75% - 1.75%
 - Moderate (A): 1.75% - 4.0%
 - Weak – Very Poor (Baa and below): > 4.0%
 - S&P: A positive qualitative adjustment is made to the Debt and Contingent Liabilities score for a debt to market value ratio below 3.0%, while a negative adjustment is made for a ratio above 10.0%.

Section 7: Debt (Continued)

Proposed Policy: Debt Service vs. Expenditures

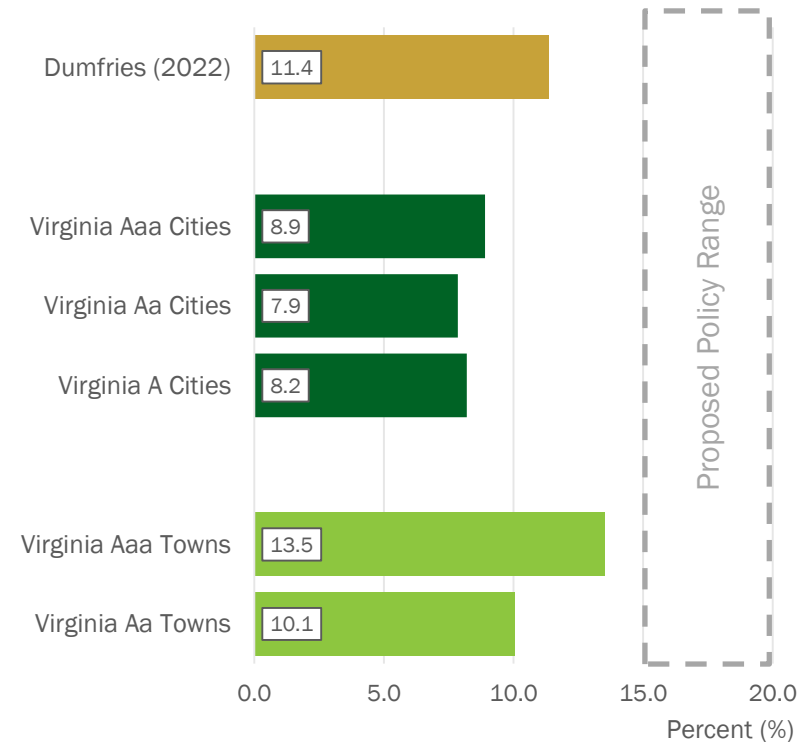


- General Fund Debt Capacity
 - Debt Service vs. Expenditures is a key ratio because it measures how much of the annual budget is being spent to pay for debt, and can show how much additional debt service can be added before exceeding prudent levels. It answers the *“Can I Afford This?”* question.

Recommendation:

- Davenport recommends that the Town implement Debt Policies that govern the amount of debt that can be issued and still be in compliance with “Best Practices” of comparable local governments.
- Proposed Debt Policy: Davenport recommends that the Town consider adopting a Debt Services vs. Expenditures Policy in the 15% to 20% range.
- This range translates into additional General Fund (Tax Supported) borrowing⁽¹⁾ range of \$4.5 Million to \$10.0 Million.

Debt Service vs. Expenditures Peer Comparative



- Rating Considerations:
 - Moody’s: Moody’s criteria allows for a scorecard adjustment if an issuer has very high or low debt service relative to its budget Percent.
 - S&P: The Debt and Contingent Liabilities section defines categories of Net Direct Debt as a % of Total Governmental Funds Expenditures as follows:
 - Very Strong: <8%
 - Strong: 8% to 15%
 - Adequate: 15% - 25%
 - Weak: 25% - 35%
 - Very Weak: > 35%



Section 7: Debt *(Continued)*

- Use of the following types of financing instruments depending upon circumstances as evaluated by the Town:
 - General Obligation Bonds
 - Lease Revenue Bonds, or Subject to Appropriation (i.e. Moral Obligation) Bonds
 - Revenue Bonds
 - Selected State Pooled-Borrowing Programs for General and/or Utility Capital Needs, Including those of the Virginia Resources Authority
 - Loans or leases obtained directly from banks and/or leasing institutions
 - USDA (“Rural Development”) Loans



Section 7: Debt *(Continued)*

- When to Use Debt.
 - Use of debt for short-term and long-term needs
 - Capacity to repay
 - Debt term (not exceeding useful life of asset)
- Bond Structure
 - Term
 - Type of Amortization (level payments or principal, strategic)
 - Prepayment provisions
 - Use of swaps (derivative policy)
- Refinancing
 - 3% Present value savings target (industry standard)
 - Restructuring allowed
- Method of Issuance/Debt characteristics
 - Direct bank loans
 - Public sale (stand alone or through state bond pools)
 - Use of bond insurance
 - Reserves
- Finance team members/Use of consultants
- Required disclosures (EMMA, if applicable)



Section 8: Financial Reporting

- Financial reporting - financial statements will conform to Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB).
- Maintenance of accounting records and annual preparation of audited financial statements.



Section 9: Economic Development

- Economic Development projects: Prior to any formal or informal introduction of a potential Economic Development Project that may require the Town's direct or indirect support, the Town Manager will be required to provide an independent assessment of the proposed Economic Development Project to the Town Council.



Appendix



Exhibit 1: General Fund | Balance Sheet

	Audit 2016	Audit 2017	Audit 2018	Audit 2019	Audit 2020	Audit 2021	CAGR	Notes
1 Assets								
2 Cash & Cash Equivalents	\$ 4,347,727	\$ 4,286,357	\$ 4,364,256	\$ 4,458,180	\$ 4,707,304	\$ 7,056,175	10.2%	Receipt of \$1.8 million (ARPA)
3 Receivables (net allowance for uncollectibles):								
4 Taxes receivable	440,544	440,011	449,807	481,699	549,222	618,505	7.0%	FY'19-21: Increased collection efforts
5 Accounts receivable	116,978	168,316	196,763	279,392	109,695	93,035	-4.5%	
6 Due from other governmental units	291,635	424,119	79,949	75,542	74,117	134,357	-14.4%	
7 Prepaid items	26,524	-	-	601	398	16,409	-9.2%	
8 Notes receivable	-	-	-	-	-	284,000		
9 Restricted Assets:								
10 Cash and cash equivalents	-	-	383,344	383,344	386,437	386,361		2018 VRA Bonds DSRF
11 Total Assets	\$ 5,223,408	\$ 5,318,803	\$ 5,474,119	\$ 5,678,758	\$ 5,827,173	\$ 8,588,842	10.5%	
13 Liabilities								
14 Accounts payable	139,668	44,506	53,330	41,013	352,236	276,543	14.6%	
15 Retainage payable	93,330	-	-	-	-	-	-100.0%	
16 Accrued liabilities	31,908	68,133	58,744	84,090	92,772	155,605	37.3%	
17 Escrow and other deposits	112,436	112,436	145,957	152,096	155,558	166,058	8.1%	
18 Unearned revenue	601,014	601,014	597,822	609,938	872,414	2,363,024	31.5%	Receipt of \$1.8 million (ARPA)
19 Total liabilities	\$ 978,356	\$ 826,089	\$ 855,853	\$ 887,137	\$ 1,472,980	\$ 2,961,230	24.8%	
21 Deferred Inflows of Resources								
22 Unavailable revenue - property taxes	427,805	432,382	448,246	471,396	532,993	612,092	7.4%	FY'19-21: Increased collection efforts
23 Deferred revenue - sale of future lease rights	-	-	-	-	-	784,000		Audit FN 19: Sale/Lease Town Hall
24 Total deferred inflows of resources	\$ 427,805	\$ 432,382	\$ 448,246	\$ 471,396	\$ 532,993	\$ 1,396,092	26.7%	
26 Fund Balances								
27 Nonspendable:								
28 Prepaid items	26,524	-	-	601	398	16,409	-9.2%	
29 Restricted:								
30 Asset forfeiture	379	402	437	468	498	524	6.7%	
31 Courthouse maintenance funds	3,521	3,530	3,545	3,559	3,573	3,585	0.4%	
32 Debt reserve funds	-	-	383,344	383,344	386,437	386,361		2018 VRA Bonds DSRF
33 Committed:								
34 Stormwater funds	7	-	-	-	-	-		
35 Assigned:								
36 Capital projects	-	-	-	-	-	-		
37 Unassigned:								
38 General fund	3,786,816	4,056,400	3,782,694	3,932,253	3,430,294	3,824,641	0.2%	
39 Total fund balances	3,817,247	4,060,332	4,170,020	4,320,225	3,821,200	4,231,520	2.1%	
40 Total liabilities, deferred inflows of resources and fund balances	\$ 5,223,408	\$ 5,318,803	\$ 5,474,119	\$ 5,678,758	\$ 5,827,173	\$ 8,588,842	10.5%	

Exhibit 2: General Fund | Revenues, Expenditures, Change in Fund Balance



General Fund	Audit 2016	Audit 2017	Audit 2018	Audit 2019	Audit 2020	Audit 2021	CAGR	Notes
1 Revenues								
2 General Property Taxes	\$ 785,006	\$ 816,258	\$ 843,439	\$ 868,244	\$ 931,169	\$ 902,874	2.8%	
3 Other Local Taxes	2,076,084	2,254,710	2,264,138	2,257,866	2,086,465	2,705,861	5.4%	
4 Permits, Privilege fees and regulatory licenses	198,635	307,373	322,266	542,743	443,515	609,422	25.1%	
5 Fines and Forfeitures	74,223	32,012	95,116	79,335	25,232	64,105	-2.9%	
6 Revenue from the use of money and property	39,264	26,323	41,332	678,495	599,094	624,924	73.9%	FY'19-21: Leases of Town Hall
7 Misc.	73,194	81,217	12,604	132,747	42,611	44,162	-9.6%	
8 Intergovernmental:								
9 Commonwealth	1,095,689	802,974	807,598	703,739	833,117	692,614	-8.8%	
10 Federal (Base Funding Level)	49,249	413,247	124,055	4,491	13,794	16,473	-19.7%	
11 Federal (ARPA/CARES)	-	-	-	-	77,914	818,854		
12 Total Revenues	\$ 4,391,344	\$ 4,734,114	\$ 4,510,548	\$ 5,267,660	\$ 5,052,911	\$ 6,479,289	8.1%	
14 Expenditures								
15 General Gov. Admin.	1,058,433	1,157,458	1,133,917	1,179,368	1,306,869	1,941,341	12.9%	FY'21: Increase in Admin & IT costs
16 Public Safety	1,159,248	1,000,511	1,547,818	1,258,438	1,141,688	1,183,839	0.4%	
17 Public Works	1,283,106	1,417,674	1,177,787	1,174,072	1,123,045	1,267,058	-0.3%	
18 Community Development	258,288	183,444	218,306	305,150	398,165	450,069	11.7%	
19 Subtotal Operating Exp.	\$ 3,759,075	\$ 3,759,087	\$ 4,077,828	\$ 3,917,028	\$ 3,969,767	\$ 4,842,307	5.2%	
21 Operating Income/(Loss) after Operating Expenditures	\$ 632,269	\$ 975,027	\$ 432,720	\$ 1,350,632	\$ 1,083,144	\$ 1,636,982	21.0%	
23 Capital Outlay	1,020,581	348,049	5,793,908	454,461	215,206	80,677	-39.8%	FY'18: Town Purchased Building
24 Debt Service	388,108	383,893	546,928	745,966	877,109	691,014		FY'18: Town Financed Building Purchase
26 Total Expenditures	\$ 5,167,764	\$ 4,491,029	\$ 10,418,664	\$ 5,117,455	\$ 5,062,082	\$ 5,613,998	1.7%	
28 Excess (deficiency) of revenues over (under) expenditures	\$ (776,420)	\$ 243,085	\$ (5,908,116)	\$ 150,205	\$ (9,171)	\$ 865,291	-202.2%	
30 Other Financing Sources (Uses)								
31 Transfers in	-	-	-	-	-	-		
32 Transfers out	-	-	-	-	(608,254)	(454,971)		
33 Issuance of Bonds	-	-	5,460,000	-	2,721,000	-		FY'18: Town Financed Building Purchase
34 Premium on issuance of bonds	-	-	89,333	-	-	-		
35 Proceeds from the sale of land	-	-	206,471	-	-	-		
36 Payment to refund escrow agent	-	-	-	-	(2,602,600)	-		FY'20: Refunded Debt
37 Total other financing sources (uses)	\$ -	\$ -	\$ 5,755,804	\$ -	\$ (489,854)	\$ (454,971)		
39 Net Change in fund balance	(776,420)	243,085	(152,312)	150,205	(499,025)	410,320	-188.0%	
40 Fund balances- beginning ⁽¹⁾	4,593,667	3,817,247	4,322,332	4,170,020	4,320,225	3,821,200	-3.6%	
41 Fund balances - ending	\$ 3,817,247	\$ 4,060,332	\$ 4,170,020	\$ 4,320,225	\$ 3,821,200	\$ 4,231,520	2.1%	

(1) Beginning fund balance was restated in FY 2018.



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